

Message Text

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PAGE 01 KINSHA 10102 240901Z

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SUBJECT: GOZ ECONOMIC PLAN

REF: KINSHASA 9895

1. TRANSMITTED UNDER SEPARATE COVER ARE FIVE COPIES OF 52 PAGE ENGLISH TRANSLATION OF REPORT ENTITLED "POLICIES, PROSPECTS AND MEANS FOR ECONOMIC AND SOCIAL DEVELOPMENT". THIS PUBLICATION, PREPARED IN FRENCH BY GOZ, WAS PRESENTED AND DISCUSSED AT CONSULTATIVE GROUP (CG) MEETINGS HELD IN KINSHASA NOVEMBER 13 AND 14. REFERENCED TELEGRAM PROVIDES SUMMARY OF DISCUSSIONS.

2. GOZ PLAN ENVISAGES SIZEABLE INVESTMENT PROGRAM
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PAGE 02 KINSHA 10102 240901Z

THROUGH 1980. TO INSURE AVERAGE 6 PERCENT ANNUAL GROWTH RATE

FOR DECADE OF 70'S, GOZ INTENDS TO ALLOCATE 25 PERCENT OF ITS GROSS DOMESTIC PRODUCT (GDP) TO INVESTMENT WITH 40 PERCENT OR 10 PERCENT OF GDP TO BE FINANCED BY GOZ AND INTERNAL SOURCES AND 60 PERCENT OR 15 PERCENT BY FOREIGN PRIVATE ENTERPRISES, INTERNATIONAL AGENCIES AND THE DONOR NATIONS. INCREASED FINANCING TO BE PROVIDED BY WORLD BANK, AND DONOR NATIONS ARE TO RAISE IN SOME CASES THEIR CONTRIBUTIONS. CHAIRMAN OF GERMAN DELEGATION INDICATES HIS COUNTRY'S LOANS ARE UNTIED AND GERMANY EXPERIENCING SUPPLY BOTTLENECKS. THE JAPANESE DELEGATE ANNOUNCED \$125 MILLION LOAN TO FINANCE CONSTRUCTION OF MATADI-BANANA RAILROAD AND BRIDGE. CHAPTER III PRESENTS A DETAILED DISCUSSION ON OF THE FINANCIAL PLANS.

3. OUTLAYS TO FINANCE THE PROGRAM ARE ESTIMATED AT \$2.8 BILLION DOLLARS WITH A THIRD OF THE PROJECTS TO BE IMPLEMENTED BEFORE 1977-78. INVESTMENT EMPHASIS IS ON POWER EXPANSION AND INCLUDES TRANSMISSION LINE INGA-SHABA, TRANSPORTATION AND COMMUNICATIONS, TELECOMMUNICATIONS, AGRICULTURE AND PUBLIC WORKS, AND LAND DEVELOPMENT. TABLES APPENDED TO CHAPTER II BREAKDOWN PLANNED INVESTMENT OUTLAYS AND THE APPROXIMATE CONSTRUCTION DURATION OF PROJECTS.

4. REPORT EMPHASIZES PRIORITIES AGRICULTURE WILL RECEIVE. GOZ INTENDS TO INCREASE AGRICULTURE OUTPUT BOTH TO MEET GROWING DOMESTIC CONSUMPTION AND FOR EXPORT. CONCOMITANT STRESS IS ALSO ON IMPROVING INTERNAL TRANSPORTATION SYSTEMS TO ENABLE AGRICULTURE PRODUCTS TO REACH MARKETS, PRINCIPALLY DOMESTIC, WHERE THEY ARE IN DEMAND.

5. GOZ INDUSTRIAL POLICY WILL ENCOURAGE INCREASED JOINT VENTURES BETWEEN FOREIGN AND DOMESTIC PARTNERS. TO ACHIEVE AN IMPROVED SECTORAL AND GEOGRAPHICAL DISTRIBUTION OF INDUSTRIAL INVESTMENTS, GOZ HAS ANNOUNCED INVESTMENT CODE WILL UNDERGO MODIFICATION TO ATTRACT INCREASED PRIVATE FOREIGN INVESTMENT INTO ZAIRE. EMPHASIS IS ON DEVELOPMENT OF "THIRD INDUSTRIAL POLE" AT KISANGANI (THE OTHER TWO ARE LIMITED OFFICIAL USE

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PAGE 03 KINSHA 10102 240901Z

KINSHASA AND LUBUMBASHI) WITH INVESTORS TO RECEIVE SPECIAL INDUCEMENTS.

6. COMMENT: GIVEN CURRENT US COMPETITIVE POSITION, OUTLOOK AND PROSPECTS FOR AMERICAN BUSINESS TO BENEFIT FROM NEXT STAGE GOZ ECONOMIC DEVELOPMENT PLANS ARE VERY PROMISING. PINPOINTING AREAS OF POTENTIAL SALES AND INVESTMENT OPPORTUNITIES IS IMPERATIVE IF

AMERICAN BUSINESS IS TO STRENGTHEN ITS EXPORT AND
INVESTMENT POSITION IN ZAIRE. EMBASSY WOULD RECOMMEND
STUDY OF GOZ PLAN BY COMMERCE DEPARTMENT'S EXPORT
DEVELOPMENT DIVISION. AID WASHINGTON AND WORLD BANK
MAY BE ABLE SUPPLY ADDITIONAL INFORMATION ON THIS
SUBJECT. PROVIDING INFORMATION ON SUCH OPPORTUNITIES
ON ALERT BASIS TO AMERICAN BUSINESS WOULD POSSIBLY
INSURE LARGER SHARE GOZ DEVELOPMENTAL ACTIVITIES.
DECONTROL UPON RECEIPT.
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